

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Auction 903)	
Comment Sought On Competitive)	
Bidding Procedures And Certain)	AU Docket No. 17-182
Program Requirements For The)	WC Docket No. 10-90
Connect America Fund Phase II)	
Auction)	

To the Commission:

REPLY COMMENTS OF ILLINOIS ELECTRIC COOPERATIVE

Illinois Electric Cooperative (“IEC”) hereby submits reply comments in response to the Federal Communications Commission’s (“FCC”) Public Notice initiating the pre-auction process for the Connect America Fund (“CAF”) Phase II auction, also referred to as Auction 903.¹

INTRODUCTION

Auction 903 will be the first auction to award ongoing high-cost universal service support through competitive bidding in a multiple-round, reverse auction. Through this auction, the FCC stated its intention to maximize the value the American people receive for the universal service dollars and balance higher-quality services with cost efficiencies.

¹ FCC AU Docket No. 17-182 WC Docket No. 10-90 Pre-Auction Notice (FCC 17-101), Released August 4, 2017, hereinafter referred to as “Notice.”

Accordingly, the auction is designed to select bids from providers that would deploy high-speed broadband and voice services in unserved communities for lower relative levels of support. The auction is scheduled to begin in 2018.² IEC submitted initial comments in FCC docket WC 10-90 on September 18, 2017. In these Reply Comments, IEC addresses three issues raised in other parties' comments in dockets AU 17-182 and WC 90-10 as follows: 1) Bidder qualifications; 2) Auction process complexity; and 3) Eligible bid areas.

IEC BACKGROUND

IEC has a proven track record of providing high-speed broadband and affordable internet access to the communities it serves through its fiber-optic network. Further, IEC seeks to continue, on a not-for-profit cooperative basis, its investments in such infrastructure and provide the opportunity for all stakeholders in its communities to benefit from such investments. IEC also continues to believe that if it did not provide broadband internet service, it simply would not be available in many parts of its service territory.

THE FCC'S REQUEST FOR COMMENT

IEC appreciates the FCC's request for comment and, having reviewed parties' comments, will reply to certain selected issues. The lack of a response to any particular proposal in the Comments does not necessarily mean that IEC supports the particular position.

² Id. Para. 1, 2.

First, IEC opposes waiving or eliminating applicant qualifications such as proposed by ITTA³, BEK Communications⁴, and US Telecom⁵. To begin with, IEC supports the FCC's proposal to collect high-level operational information from each applicant to complete its operational showing and enable FCC staff to determine whether the applicant is expected to be reasonably capable of meeting the public interest obligations.⁶ Moreover, while experience providing voice and broadband service is certainly relevant and important in determining an applicant's ability to meet its obligations under CAF Phase II projects, IEC agrees with the FCC that recognition and consideration of experience in providing electric distribution or transmission service is also relevant and important in determining an applicant's possession of the operational and organizational resources necessary to meet CAF Phase II obligations. By qualifying applicants who lack relevant experience, the Commission would be introducing unnecessary risk that could undermine its goal of maximizing value and balancing higher-quality services with cost efficiencies.

Second, IEC agrees with comments submitted by the American Cable Association ("ACA") which focus on auction complexity as detrimental to the FCC's goals. In particular, IEC agrees with the ACA that the FCC should eliminate the ability of the bidder to shift its performance tier once established in its initial bid. IEC agrees that this simplification prevents certain complex gaming that would undermine price discovery.⁷

³ Comments of ITTA- The Voice of America's Broadband Providers September 18, 2017 at 1-4.

⁴ Comments of BEK Communications AU Docket No. 17-182 and WC Docket No. 10-90, September 18, 2017 at 1-3.

⁵ ExParte Report of US Telecom AU Docket No. 17-182, July 28, 2017.

⁶ Notice at para 35.

⁷ ACA Comments AU Docket No. 17-182 and WC Docket No. 10-90, September 18, 2017 at 7.

Third, IEC shares the general concern of Vantage Point regarding the level of accuracy of determining eligible census blocks⁸. Based on its experience in Illinois, IEC is seriously concerned by claims of broadband availability when in fact broadband service is lacking or stretches only to the bare minimum to be considered broadband. Accordingly, IEC disagrees with Frontier Communications' ("Frontier") comments proposing removal of a large number of Illinois census blocks from auction eligibility. Frontier bases the proposed exclusion on its claim that these and additional areas to be identified in the future *may* be receiving broadband at the level of 10/1Mbps at 100ms latency by the time of Auction 903.⁹ New optical carrier buildouts currently offer service above baseline and even gigabit levels in many areas outside of Frontier's proposed auction exclusion areas.¹⁰ The digital divide between these areas can best be addressed by keeping Frontier's unserved and underserved proposed exclusion areas in the auction.

In fact, when approving IEC's designation as an Eligible Telecommunications Carrier ("ETC"), an FCC prerequisite for receiving auction-awarded support, the Illinois Commerce Commission ("ICC") considered the advantages of offering 100Mbps service. The ICC recognized that service levels proposed by IEC as an ETC above the austerity levels proposed by Frontier for classification as "do not auction," has been a goal at the both the FCC and the ICC. The ICC found that consistent with the FCC's goal of developing advanced networks in rural high-cost areas, these advanced networks would provide important connectivity to consumers, businesses, and

⁸ Vantage Point Comments AU Docket No. 17-182 and WC Docket No. 10-90, September 18, 2017 at 1.

⁹ Comments of Frontier Communications Corporation WC Docket No. 10-90 August 31, 2016.

¹⁰ FCC Docket WC 10-90, Notice, *Wireline Competition Bureau Releases Preliminary List and Map of Eligible Census Blocks For the Connect America Phase II Auction*, (DA 16-908), Released August 10, 2016.

community anchor institutions. Accordingly, the ICC found that there was a compelling public interest in providing the level of connectivity offered by IEC as an ETC and auction participant under Section 214(e)(2) of the Telecommunications Act.¹¹

IEC believes there should be no further census block reductions based on Frontier's "do not auction" claims. Without a thorough investigation of the reality of the service at actual locations on the ground (which IEC has considered), it cannot be known whether the census blocks identified by Frontier are subsidized and if they actually receive modern broadband service. Excluding blocks based on the self-serving characterizations of a single party undermines the FCC auction goals.

CONCLUSION

IEC respectfully requests that the FCC consider both its comments and replies to develop a fair and efficient CAF Phase II auction process supportive of the FCC's broadband deployment goals.

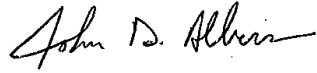
Dated: October 18, 2017

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¹¹ ICC Docket 16-0191 Order at 9.



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